

# Agricultural Situation

## OUTLOOK ISSUE

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### PRICE AND FARM INCOME OUTLOOK FOR 1959

Prices and farm incomes, which in 1958 are averaging the best in 5 years, may show some decline in 1959. Prospects are for continued heavy supplies of farm products generally, with wheat and feed grain supplies especially burdensome, slightly lower agricultural exports in 1958-59 than a year earlier, and a strong domestic market stimulated by a substantial rise in consumer income.

Farm operators' realized net income in the first 9 months of 1958 ran at an annual rate of 13 billion dollars. It is likely to continue at that rate for the rest of the year. It is about a fifth above 1957, primarily reflecting higher prices for livestock and record crop marketings.

Farm production costs increased about 5 percent as a result of generally higher cost rates, and sharply increased expenditures for feeder livestock and feed.

Next year, cash receipts from farm marketings may be well maintained. Receipts from hogs and wheat may be somewhat smaller, but those from cotton may be larger if acreage is expanded appreciably.

Soil Bank payments to farmers will be substantially reduced in 1959 with the elimination of the acreage reserve. This, together with increasing inter-

est, taxes, and wage payments, and some other production expenses, could bring a reduction in realized net farm income of some 5 to 10 percent, depending largely on the level of crop production next year.

As the economy continues to recover from the recent recession, the income farm people get from nonfarm sources should increase. Off-farm income now accounts for about one-third of farmers total net income.

#### Prices

Prices for farm products in the first 11 months of this year averaged 6 percent higher than in the same period of 1957. Reduced marketings of hogs and cattle and a strong demand for feeder cattle resulted in substantially higher prices than in 1957. In addition, freeze damage resulted in smaller supplies and higher prices for citrus fruits and vegetables in the first part of the year. Supplies of vegetables have increased in recent months and prices have declined. In 1959, farm product prices may average slightly lower, principally because of lower prices for hogs.

Cattle production is now on the up-trend, but slaughter will not be much different in 1959 than in 1958, with prospect for a continued buildup in

herds. Prices of cattle will hold up well in 1959.

The fall pig crop is considerably above last year, indicating a substantial increase in marketings next spring and a considerable decline in the price of hogs during 1959. Prices of poultry and eggs are also expected to average somewhat lower. For the basic price supported commodities, the average price support levels may not be appreciably different from those on 1958 crops.

### Prices Paid

Prices paid by farmers, which so far this year are about 3 percent above 1957, may increase a little during 1959. Some price increases are likely for industrial items as the economy continues to recover, in addition to further increases in the cost of interest, taxes, and farm wage rates.

With prices received likely to be down some in 1959, and prices paid—including interest, taxes, and wage rates—up a little, the parity ratio in 1959 may show some decline.

Crop output in 1958, much of which will be marketed in 1959, is about a tenth larger than in 1957, and at a new high. Yields per acre rose some 12 percent and the planted acreage was the smallest in 40 years. The 1959 crop output could be as large as 1958.

With record 1958 production, carry-over stocks are expected to rise during the current marketing year. Wheat and feed grain stocks will be at new records. Stocks of cotton next August 1 are expected to be down a little from this year and down sharply from last year.

Consumer incomes have risen in the last 6 months to a level above a year

earlier. But the purchasing power of disposable income per person in the third quarter of 1958 was still 2 percent below a year earlier.

Consumer incomes over the next year are expected to rise significantly. With higher incomes, consumers should increase their expenditures in 1959. Some of the gain is likely for consumer durable goods. Expenditures for nondurable goods and services, only slightly affected by the recession, should continue very strong in 1959.

Consumers have continued to spend about the same proportion of their income on food in recent years. With rising incomes in 1959 consumers probably will increase their food expenditures.

The farmer's share of the consumer's food dollar in 1958 is estimated to be about the same as 1957, as both marketing charges and farm prices increased. The outlook for 1959 is for some further increase in marketing charges.

Exports of U. S. farm products during 1957-58 were valued at 4 billion dollars, about 15 percent less than the record exports in 1956-57. Shipments of cotton and wheat were substantially reduced.

### 1958-59 Exports

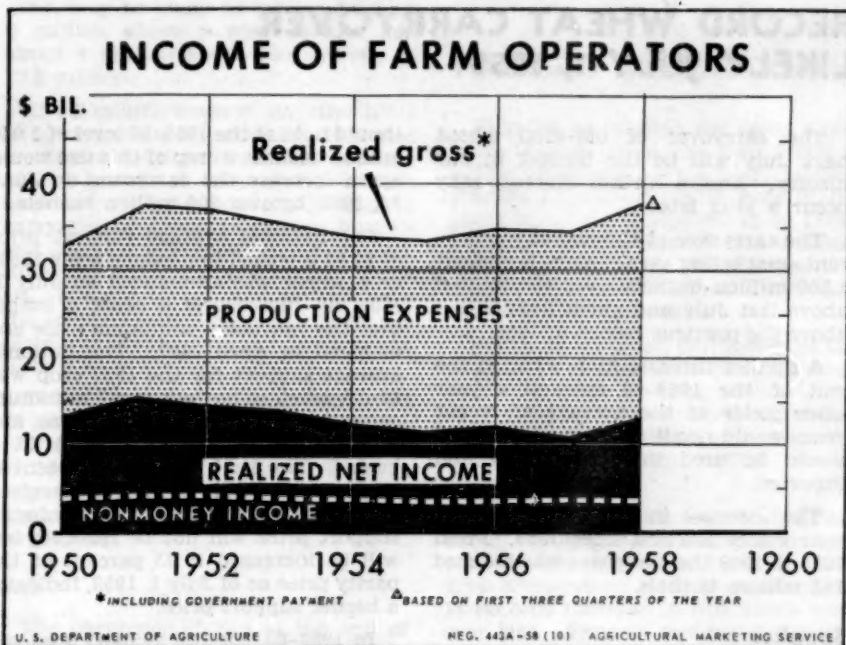
In 1958-59 agricultural exports may be slightly below the level of 1957-58. Some further decline in cotton exports is likely as foreign supplies are larger and consumption has eased. Tobacco exports also are expected to be lower. But exports of food fats and oils, soybeans, wheat, flour, and rice will probably be above last year's.

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## Large Supplies of Processed Vegetables, Potatoes

Consumer demand for potatoes and other vegetables is expected to be at least as strong in 1959 as in 1958. Prices will depend largely on supplies available, quality, and patterns of marketing.

Supplies of canned vegetables into mid-1959 appear to be a little larger than a year ago. Biggest increases seem to be in tomato products, with more moderate increases in snap beans, tomatoes, and sauerkraut. Supply of canned corn is substantially smaller than a year ago, and lima beans and beets probably smaller.

Stocks of frozen vegetables are materially lighter than those of a year earlier, but most frozen items are in ample supply. Processing and distribution costs are up for the 1958 pack, and retail prices in the first half of 1959 are expected to average a little higher than in the first 6 months of 1958.

Assuming normal weather, particularly in Florida, growers probably will produce more vegetables for fresh mar-

ket sale in the winter and early spring of 1959 than a year earlier. If so, both farm and retail prices are likely to average much below the record, or near record, levels of the early months of 1958.

Heavier supplies of potatoes and lower prices, compared with early 1958 seem assured into mid-spring as a result of the larger fall crop. Although indications are that winter acreage for harvest is down about a fifth, normal weather in Florida would result in significantly higher yields.

Sweetpotato supplies are about the same as a year ago. Prices are expected to advance seasonally into the spring, but average a little below 1958.

Dry edible beans are in materially larger supply than last year, and in excess of anticipated domestic and export demand. Dry field pea supply is considerably smaller than last year, and prices received by farmers are much higher.

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## RECORD WHEAT CARRYOVER LIKELY JULY 1, 1959

The carryover of old-crop wheat next July will be the biggest in our history. And, a further increase may occur a year later.

The carryover at the end of the current marketing year may be about 1,300 million bushels, over 400 million above last July and about 265 million above the previous record in 1955.

A further increase may occur at the end of the 1959-60 marketing year since yields at the average of recent years would result in more wheat than would be used in this country and exported.

The increase in the carryover this year will be the first since 1955. From 1955 to 1958 the carryover was reduced 155 million bushels.

### Supplies

Total supplies of wheat for the year beginning July 1, 1958, are estimated at 2,340 million bushels, 14 percent above the previous record in 1956-57. Supplies consist of the carryover of about 880 million bushels, production of nearly 1,450 million, and an allowance for imports of about 10 million bushels, mostly feeding quality and seed wheat. The 1958 crop is an all-time record and results from record high yields.

Domestic disappearance in 1958-59 is estimated at about 610 million bushels, not greatly different from recent years. Exports may total about 430 million bushels compared with 402 million in 1957-58.

With acreage allotments and marketing quotas in effect for 1959 and no Acreage Reserve Program, about 55 million acres of wheat probably will be harvested. Conditions for winter wheat started out excellent, but subsequently the crop encountered a period of dry weather.

If the 1956-58 average yield of 23 bushels per acre should be obtained, a crop of about 1,265 million bushels would be produced. If disappearance

should hold at the 1958-59 level of 1,040 million bushels, a crop of this size would again increase the carryover on June 30, 1960, by over 200 million bushels.

The national average support price of \$1.82 a bushel to producers for 1958-crop wheat was announced on July 1, 1958, an increase of 4 cents a bushel over the "advance" minimum price announced in April 1957. The national average support for the 1957 crop was \$2 a bushel. The "advance" minimum support for 1959-crop wheat was announced on May 1, 1958, at \$1.81 a bushel. The \$1.81 reflects 75 percent of the estimated July 1, 1959, modernized parity price for wheat. This minimum support price will not be reduced, but will be increased if 75 percent of the parity price as of July 1, 1959, indicates a higher support price.

In 1959-60, the full support level will be available in the 38 commercial wheat States to producers who comply with their individual farm acreage allotments. Support rates for wheat produced in the 10 noncommercial wheat States are set by law at levels representing 75 percent of the rates calculated on the national average. In the noncommercial States, acreage allotments and marketing quotas will not apply.

### Rye

The supply of rye in the current season totals 47.2 million bushels. This consists of a carryover on July 1, 1958, of 9.7 million bushels, estimated production of 34.1 million, and imports of 3.4 million (restricted by quota). This supply compares with 36.4 million bushels a year ago, and the 1952-56 average of 39.8 million.

Domestic disappearance of rye in 1958-59 may total about 24 million bushels, compared with 23.2 million in 1957-58, and the 1952-56 average of 23.4 million. Rye exports may total about 7 million bushels, which is above the 3.5 million in 1957-58, and the 5-year average of 4.2 million. Based on these estimates, the carryover July 1,



1959, may be about 16 million bushels, 6 million above a year earlier, and about 4 million above the average of 12.2 million.

If 1.8 million acres of rye (the 1954-58 average) are harvested in 1959 and yields are equal to the 5-year average of 15.1 bushels, a crop of 27.2 million bushels would be produced. With a carryover of about 16 million bushels and imports assumed at 3.4 million, supplies would total 46.6 million bushels. If domestic use and exports were the same as estimated for 1958-59, the carryover would be about unchanged from a year earlier.

The 1958 rye crop is being supported at an average of \$1.10 per bushel. In 1957 the average support was \$1.18 and in 1956, \$1.27 per bushel. Prices in July-October were 7 percent lower than a year earlier, reflecting primarily the larger crop.

## Rice

The carryover of rice at the end of the 1957-58 marketing year was slightly lower than a year earlier, and a substantial reduction is expected by the end of 1958-59.

The 1958-59 supply of rice, estimated at 66.0 million cwt., rough rice equivalent, is a little larger than the 63.5 million cwt. a year ago, as record yields and increased acreage boosted the 1958 crop a tenth over 1957. This was more than enough to offset the reduction in carryover.

Use of rice in this country during 1958-59 is expected to total about 26.6 million cwt., slightly above 1957-58. Exports may reach about 27 million cwt., sharply above the 18.3 million in 1957-58. As a result, the carryover at the end of the current season may be down to around 12½ million cwt., compared with 18.1 million July 31, 1958.

In 1957-58, the price of rice to farmers averaged 34 cents above the national average support of \$4.72 per cwt. In 1958-59, they are expected again to average somewhat above the support rate announced at \$4.48 per cwt.

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## TOBACCO SUPPLY DOWN

Supplies of tobacco are being gradually reduced from the high levels of a few years ago. This year, farmers planted 35 percent less acreage than 4 years ago and the smallest in 50 years. Though tobacco acreage has declined appreciably, per acre yields for several kinds have shown substantial increases in the last several years.

For most tobaccos, carryovers at the beginning of the 1958-59 marketing year are below a year earlier. The 1958 crops of several kinds are below expected 1958-59 disappearances, and carryovers may drop further by the start of 1959-60.

The 1958-59 total supply of flue-cured at about 3.4 billion pounds is 3 percent less than for 1957-58. The drop in carryover more than offset the 11 percent increase in this year's crop over last. Exports declined 5 percent in 1957-58 and might be down a little further in 1958-59. The recently announced 1959 marketing quota for flue-cured continues acreage allotments for most farms at the 1958 level. Growers of flue-cured vote December 15 on marketing quotas for their 1959, 1960, and 1961 crops. The 1958 marketing quotas of burley and other kinds of tobacco will be announced by February 1 and soon thereafter, additional referendums will be held.

The 1958 cigarette output will total near 460 billion—a record—and consumption is likely to continue to rise in 1959. Cigar and cigarillo consumption in 1958 is estimated near 6.4 billion—the highest in nearly 30 years. Around 12 percent were cigarillos which take much less tobacco than full-size cigars. A further increase in cigar consumption seems likely in 1959. Output of smoking tobacco for pipes and “roll-your-own” cigarettes is near 77 million pounds this year—appreciably more than in 1957 or 1956. The 1958 figures for chewing tobacco and snuff at about 69 and 34 million pounds, respectively, continued to fall off.

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## SMALLER COTTON SUPPLY SEEN IN 1958-59

The supply of cotton in the U. S. in the current season will be approximately 20.6 million running bales. This is 1.8 million bales below 1957-58 and considerably less than the record 27.6 million bales of 1956-57.

The August 1 carryover was 8.7 million bales, 2.6 million below a year ago, and dramatically lower than the record high of 14.5 million bales reached on August 1, 1956. Total disappearance in 1958-59 is estimated at 12¼ million bales. The slight decline from a year ago will be due to lower exports. However, disappearance will exceed the 1958 crop of 11.7 million bales and a further small drop in carryover is likely.

The 1958 crop is being harvested from the smallest acreage since 1876. Yields are expected to set a new record of 472 pounds per acre.

### Exports

Exports of cotton during 1958-59 are estimated at around 4 million bales, 1.7 million less than last season and substantially below the 25-year high of 7.6 million bales exported in 1956-57.

Reduced exports in the current season reflect larger beginning stocks and production in foreign exporting countries and an easing demand in most major importing countries. Prices of foreign cotton have declined sharply and the higher grades are currently priced below comparable U. S. qualities. The reverse was true during most of the past two marketing years.

By November 24, CCC had sold about 1.7 million bales for export in 1958-59 (at about 6 cents below domestic market prices), and 202,000 bales were registered under the payment-in-kind program. Part of this cotton will move under P. L. 480 and other special programs. About \$250 million had been allotted by November 20 to finance exports under these programs, covering about 1.5 million bales. Additional funds will be allotted to assist exports in 1958-59.

Domestic mill consumption of cotton in 1958-59 is expected to be around 8¼ million bales, somewhat above 1957-58. The improvement in the economy is expected to reverse the recent sharp decline in per capita consumption.

Prices received by farmers and parity prices during the current season have averaged above a year earlier. In mid-October the average farm price for upland cotton of 32.38 cents a pound was 1.23 cents above a year earlier, while the parity price of 38.93 cents was 1.62 cents higher.

Prices at the 14 spot markets have averaged below the loan rate, particularly for the better grades. Loan entries have been relatively high. By November 21, CCC had loans outstanding on 3.1 million bales of the current crop. This was more than 3 times the level of a year earlier. Including owned cotton, total CCC stocks at 4.9 million bales, were still a million bales below a year ago.

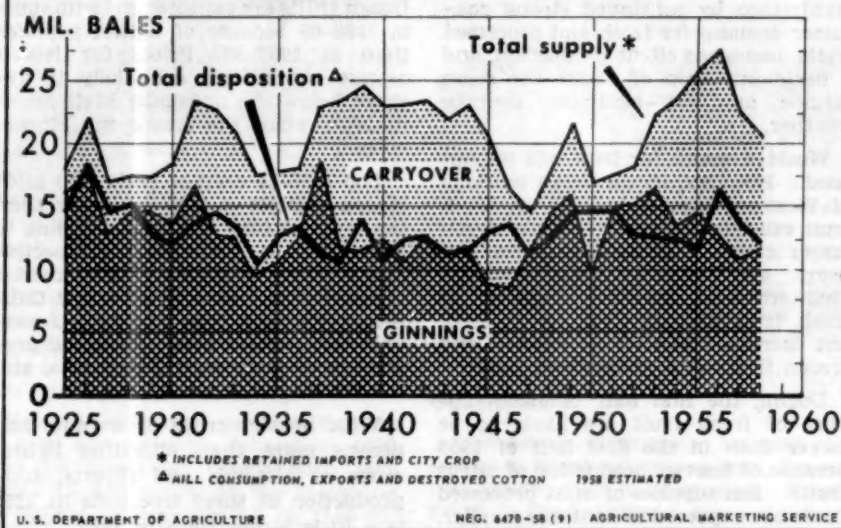
For the 1959 crop of upland cotton a national marketing quota of 12.2 million bales and a national acreage allotment of 16 million acres were proclaimed on September 29. The total allotment, including a national acreage reserve of 310,000 acres, has been allocated to States and counties. Cotton producers will vote on marketing quotas December 15.

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## ALL COTTON: U. S. SUPPLY AND DISPOSITION



### Larger Wool Supplies in Prospect

The 1958-59 world wool clip is expected to equal or slightly exceed the 1957-58 clip. The sharp decline in consumption suggests some stock accumulation and larger total supplies.

The seasonally adjusted rate of world consumption dropped sharply between the second quarter of last year and the second quarter of this year—largely a reflection of a world-wide textile recession associated with a working down of inventories of manufactures.

In the U. S., mill use of apparel and carpet wool began to ease off after reaching a cyclical peak around mid-1956. The textile recession probably was the major factor in the decline. The long-term trend to lighter-weight clothing and increasing competition from manmade fiber also contributed.

The consumption rate of apparel wool has increased since the turn of this year when the decline bottomed out. With inventories of wool prod-

ucts in manufacturing and distribution channels apparently sharply reduced and a further expansion in economic activity in prospect, consumption of apparel wool next year is likely to be up from this year. Use of carpet wool has now turned upward and more improvement may be in prospect.

Prices received by domestic growers for shorn wool reflect the decline in prices which started in May 1957 in world markets. So far this season the monthly averages of prices received have been 14.9 to 19.8 cents a pound, grease basis, lower than a year earlier. Some improvement in world demand is expected when inventories of wool products approach better working levels and economic activity in the other major consuming countries improves. The timing and extent of the expected pick-up will determine whether prices during the 1959 season average higher than 1958.

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## Demand for Fruit Strong in 1959

The 1959 outlook for fruit will be highlighted by continued strong consumer demand for fresh and processed fruits, increased citrus production, and a deciduous crop of about the same volume as 1958—assuming average weather.

World demand for fruit will remain good. However, in the fresh markets of Western Europe, in 1958-59, U. S. fruit will face the competition of much larger crops of European apples and pears, and increased production of Mediterranean citrus. Exports of fresh fruit probably will be reduced, but increased exports of canned and frozen fruits and juices seem likely.

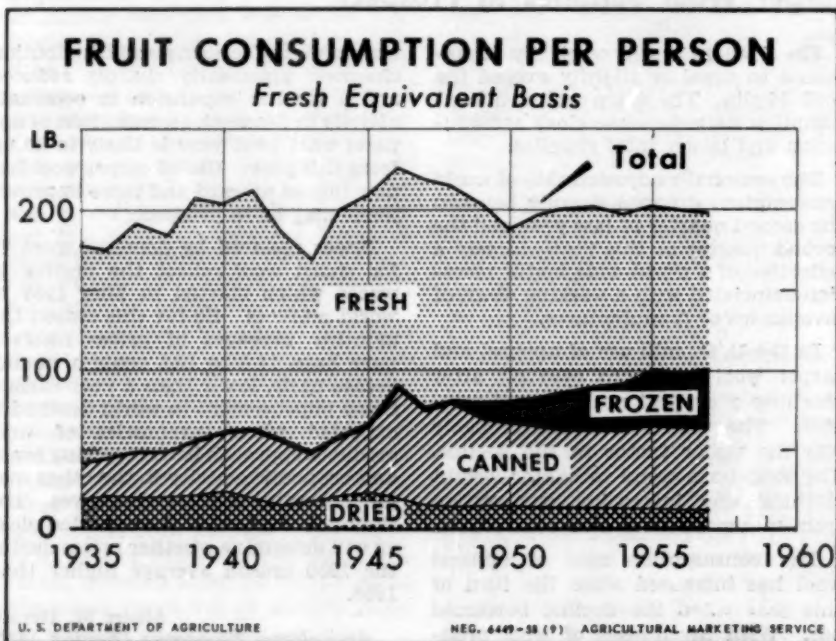
During the first half of 1959, supplies of fresh fruit are likely to be larger than in the first half of 1958 because of heavier production of citrus fruits. But supplies of most processed fruits are expected to continue smaller. By the spring of 1959, supplies of frozen orange concentrate should surpass those of a year earlier.

Retail prices for dried, canned, and frozen fruits are expected to be up some in 1958-59 because of lighter supplies than in 1957-58. Prices for frozen orange concentrate are likely to average below the unusually high prices in 1958, when the freeze cut Florida output.

The 1958-59 crop of early and mid-season oranges is slightly larger than the reduced 1957-58 crop, according to November 1, estimate. Prospective production of Florida Valencia oranges is also larger. Prospects for the California Valencia crop are more favorable than a year ago. Increased production of grapefruit, tangerines, and lemons also is expected.

With heavier crops of walnuts and pecans more than offsetting lighter crops of almonds and filberts, total production of these tree nuts in 1958 is a little larger than in 1957.

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## FOOD FATS IN RECORD SUPPLY

The outlook for food fats in the 1958-59 marketing year is dominated by record supplies. All oilseeds are abundant and farm prices are likely to average near support levels, but below a year ago.

Prospects are that the total supply of food fats during 1958-59 will be about 15 percent greater than last year's 11.7 billion pounds. With availabilities of food fats well in excess of domestic requirements, a large buildup in soybean stocks will take place despite a heavy export movement of food fats and soybeans.

Present indications are that exports of food fats through September 1959 may be somewhat larger than last year's 2.6 billion pounds, but below the 2.9 billion shipped abroad in 1956-57.

A heavy outward movement of edible oils from the U. S. is expected to result from another large P. L. 480 program, which probably will exceed last year's 690 million pounds. Regular commercial sales for export probably will do well to hold the 1957-58 level. Total exports of edible oils are currently forecast between 1,100 and 1,300 million pounds compared with 1,053 million last year. The level of our edible oil exports in 1958-59 could be affected by CCC's policy, not yet announced, with respect to the disposition of any cottonseed oil acquired under the support program.

### Competition

The U. S. will again face stiff competition from foreign supplies in 1958-59. World output of fats and oils probably will rise about 5 percent, although most of the increase is taking place in the U. S.

The 1958-59 supply of soybeans is placed at 596 million bushels, 106 million more than last year's peak.

Soybean crushings in 1958-59, based primarily on projected requirements for soybean meal, are forecast at 375 million bushels, about 20 million more than last season.

Soybean exports, continuing the up-trend of recent years, are forecast at 90 million bushels, about 4 million above 1957-58. If crushing and export estimates are accurate, carryover stocks of soybeans on October 1, 1959 would be about 100 million bushels, compared with 21 million this year. A large part of these would be in the hands of CCC.

Soybean oil prices, as of other food fats, during the 1958-59 marketing year are likely to average moderately lower than a year earlier.

### Cottonseed

Cottonseed production in 1958 is placed at about 4.9 million tons, 6 percent more than a year ago. Farm prices in the Southwest dropped below support this fall and CCC is acquiring some cottonseed oil through arrangements whereby crushers are taking seed at support and delivering oil to CCC on a competitive bid basis. The volume of oil acquired by CCC probably will not exceed 15 percent of the 1958 cotton oil output.

Lard output in 1958-59 is forecast at 2,700 million pounds, up over 250 million pounds from last year. Lard prices this fall and winter may not average much less than in 1957-58. However, lard prices in the second half of the marketing year probably will average lower if hog slaughter increases as now expected.

Domestic disappearance of food fats in 1958-59 is expected to average close to the year-earlier rate of 45 pounds (fat content) per person. The pattern of consumption by end use is expected to roughly parallel that indicated for 1957-58. During 1957-58, the apparent use of margarine, shortening, and salad and cooking oils was above the rate for 1956-57. Margarine use per person set a new record in 1957-58 while butter remained about the same as the previous year.

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## CATTLE PRICES EXPECTED TO HOLD UP WELL IN 1959

Meat animals, money-makers in 1958, will be a little less profitable in 1959. Prices for cattle are expected to hold up well, but profits from feeding cattle will be smaller than last season, when they were exceptionally high.

Lamb prices will be fairly steady. Prices of hogs are due to slip to a considerably lower level in 1959. The \$24 per 100 pounds received for hogs in early July this year probably will not be repeated for a good many years.

Improved prices in 1958 were partly cyclical. They were brought about by a cutback in production following the drought and the low prices of 1955-56. Production is now turning upward. It is doing so in response to higher livestock prices, bountiful feed crops, and luxuriant ranges in most areas. Feed prices are down, and the hog-corn and beef steer-corn price ratios have been exceptionally high.

Cattle numbers on farms are turning up this year after decreasing for two years. The January 1, 1959, inventory may be at least 2 to 3 million head larger than January 1958. Sheep numbers may gain 1.5 to 2 million.

### Pig Crop

The 1958 fall pig crop probably was at least 14 percent higher than last year's fall crop. The 1959 spring crop will be up substantially. It is hard to tell just how much.

In September, producers in 9 States said they would expand farrowings by 20 percent from December through February—the first half of the spring season. The entire spring crop probably will not be up that much. Producers have been shifting their farrowings to the early months, and likely are doing so again.

Most of the increase in cattle herds will be in cows and calves. Cow numbers may rise  $\frac{1}{2}$  to 1 million. This sizable gain is not out of line with the

growth of the population. Calf numbers will be up more. Some of the extra calves will go to slaughter in 1959, but others will be held for breeding or for later feeding.

Total cattle slaughter for 1959 may be only a little greater than in 1958. Prices therefore are not expected to differ greatly from 1958.

### Cattle Prices

Prices will again be relatively high for cows and feeder stock, and relatively low for fed steers and heifers. Last winter, prices for fed cattle rose steadily. They are not expected to do so this winter, and profits in feeding may be rather small.

In some later year, prices of cattle are expected to decline cyclically. The price break will not be extreme if the cow herd does not expand any faster than it did in 1958. But if the present build-up should pick up speed, leading to overexpansion, a sharp break in prices would eventually result.

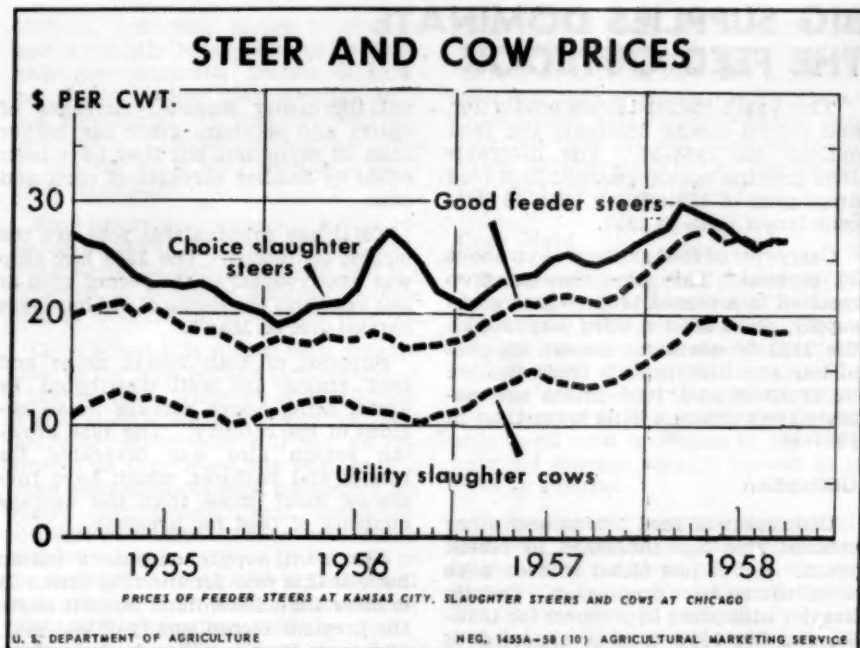
Sheep numbers may be expanded further during 1959. The year's prices, however, may remain close to those of 1958, reflecting strength in cattle prices.

Prices of hogs are likely to sag to a late winter low. While varying seasonally, prices in 1959 will be considerably below 1958 prices. But they are not expected to approach the low mark reached in the fall of 1955.

The seasonal pattern of hog production and marketing has been leveled since 1955. Seasonal overloads in hog marketing are not so great as they were a few years ago. However, further smoothing in hog seasonality is desirable.

In the future, there is danger that abundance of feed will result in hog production large enough to reduce prices below those expected in 1959.

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## Broiler, Egg Production Up in 1959

The poultry industry will increase production of eggs and broilers in 1959. Turkey production may also increase.

The increased number of potential layers already on farms practically assures a monthly egg output larger than a year ago through at least mid-1959, and probably for the remainder of the year.

Prospects for increased production of poultry meat depend on birds not yet hatched. However, the large number of breeder birds already on hand and in prospect, and the production-boosting tendency of poultry "contracting" and "integration," suggest that 1959 production will also be larger than 1958, and that turkey output will be sustained at 1958's near-record level.

Prices for eggs and broilers are likely to be lower than in 1958. Through September of the year now closing, egg prices were noticeably higher than the year before, and relatively favorable to producers. Since then, egg prices have been lower than 12 months earlier,

and are likely to continue lower for 6 or 8 months. By the end of 1959, however, they may exceed comparable 1958 prices; this would occur if, as expected, there is sufficient cutback in the number of chickens raised for laying flock replacement in 1959 to result in only a slight increase in last quarter egg production compared with 1958.

Broiler growers cannot expect as favorable prices in early 1959 as they enjoyed from January through June 1958. Even if broiler prices in the last half of 1959 are the same as or slightly higher than in 1958, average prices for the year as a whole will be lower.

Turkey hatchings in recent months, and farmers' intentions to keep turkey breeders, are both greatly in excess of last year. However, the eventual size of the 1959 turkey crop will probably be influenced by current turkey prices, only slightly above the year before, and by record-large storage holdings.

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# BIG SUPPLIES DOMINATE THE FEED OUTLOOK

This year's big feed grain production and record stocks dominate the feed outlook for 1958-59. The favorable 1958 growing season resulted in a feed grain crop of 158 million tons, 11 percent larger than in 1957.

Carryover of feed grains was up about 20 percent. This plus the big crop resulted in a record 1958-59 feed grain supply, more than a third larger than the 1952-56 average. Record supplies of hay and high-protein feeds also are in prospect and feed prices are expected to average a little lower than in 1957-58.

## Utilization

Utilization of feed grains and other concentrates has increased in recent years. But it has failed to keep pace with increasing production. Despite heavier utilization in prospect for 1958-59, the big 1958 crop is expected to boost carryover into 1959-60 to a record level of around 75 million tons. This would be more than a fourth larger than the 1958-59 carryover. Practically all of the increases will be in Government stocks.

Feed grain utilization was below production by 3 to 7 percent in each of the years from 1952-53 through 1957-58. In 1958-59, it is expected to be around 12 percent below this year's big crop. The favorable livestock feed price ratios of the past year or so are expected to result in expanding livestock production in 1958-59 and an increase in livestock feeding. Exports probably will continue at around the record 1957-58 rate of 10 million tons.

High per-acre yields of feed grains in the last 3 years have been important in boosting production and stocks. The near record yield per acre in 1956 was followed by record yields in 1957 and 1958. Record yields per acre for each of the four feed grains were attained this year as a result of a very favorable growing season.

The upward trend in yields per acre over the past 20 years has resulted in a marked increase in production with-

out increasing acreage. Acreages of barley and sorghum grain are higher than 20 years ago, but they have been offset by smaller acreages of corn and oats.

Total hay supplies this year are the largest on record. The 1958 hay crop was nearly equal to the record crop of last year and big stocks of old hay were carried over on May 1.

Supplies of both forage crops and feed grains are well distributed by areas, being above average in all regions of the country. The 1958 growing season also was favorable for ranges and pastures, which have furnished much more than the average quantity of feed for livestock.

The corn supply exceeds 5 billion bushels this year for the first time. It is more than 400 million bushels above the previous record supply of last year, and more than a billion bushels above the 1952-56 average. While corn acreage was only slightly up from the low level in 1957, high yields per acre this year resulted in a bumper crop exceeding the 1948 record. In addition, record stocks of old corn were carried over on October 1.

The big supply this year is more than ample to take care of prospective domestic use and exports and an increase of nearly 400 million bushels in carryover is in prospect. This would raise the carryover to over 1.8 billion bushels on October 1, 1959, which would more than double the 1952-56 average.

## Sorghum

The sorghum grain supply for 1958-59 of close to 950 million bushels is more than 3 times the supply of only 2 years ago. The sorghum supply now exceeds barley in total tonnage and is nearly equal to the tonnage of oats. Big supplies of oats and barley also are on hand for 1958-59. Record carryover stocks into 1959-60 are in prospect for each of these 3 grains.

Feed grain prices are expected to average a little lower in 1958-59 than in

1957-58, reflecting larger production and a slightly lower level of Government price supports. During the coming winter, prices may average near last year's level, but they probably will be lower next spring and summer than in 1957-58 when they advanced more than seasonally.

Feed prices were generally low in relation to prices of livestock and livestock products during 1957-58 and are expected to continue generally favorable to livestock producers in 1958-59.

Corn prices this winter may average close to the level for the same period of a year earlier. While the crop is larger, it also is of much better quality than last year, and prices will not be depressed as they were last year by the large marketings of high moisture corn during the period from December through February. The seasonal rise in average prices received by farmers in the first 6 months of 1959 probably will be much less than the 28 percent rise from January to June, 1958.

The total supply of high-protein feeds is expected to be up by about 4 percent in 1958-59, continuing a long-

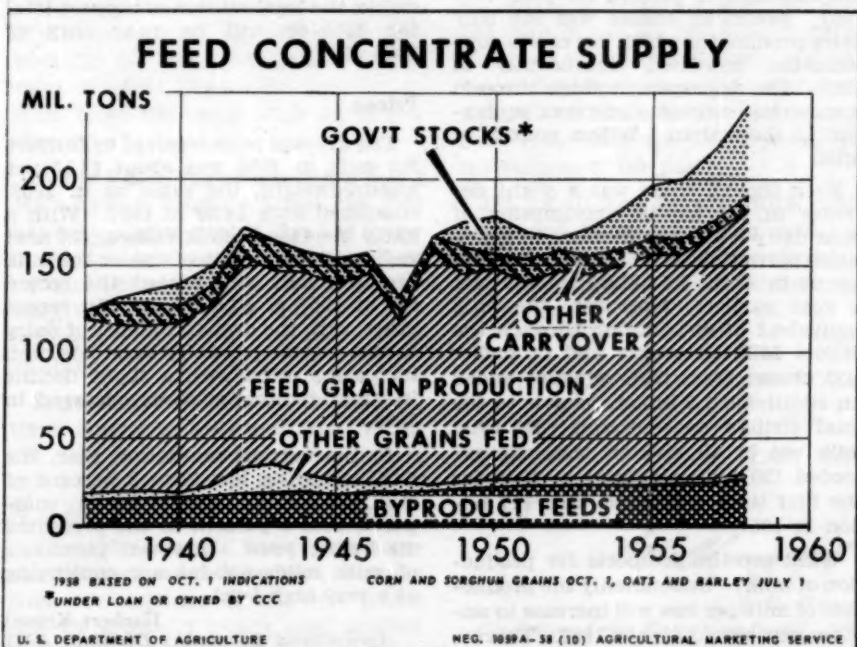
term upward trend. High-protein feed prices are expected to be more stable in 1958-59 than in 1957-58. High-protein feed prices probably will average a little higher this fall and winter than last, but they are not expected to advance as sharply later in the feeding year as they did in 1957-58.

### Corn Vote

On November 25, corn growers in the commercial corn area voted in favor of the new corn program, offered under the provisions of the Agricultural Act of 1958. Under the new program, acreage allotments will not be established and price supports will be available to all corn producers in 1959 at a national average rate of around \$1.12 to \$1.15 a bushel.

Under the old program acreage allotments would have been established in 1959, totaling about 33 million acres, 15 percent below the 1958 allotment. The support level to complying farmers would have been about \$1.24 to \$1.27 a bushel.

Malcolm Clough  
Agricultural Economics Division, AMS





## SMALL INCREASE IN MILK PRODUCTION SEEN IN 1959

Milk production in the U. S. in 1959 probably will be more nearly in balance with consumption of milk products in commercial outlets at prevailing support prices than in any of the past 6 years. Milk production decreased slightly in 1958, after rising in each of the last 5 years. Only a small increase is expected in 1959. With an expansion in consumer incomes in prospect, total consumption of milk products probably will increase fully as much as the population.

Increased prices for hogs and beef cattle this past year had a twofold effect on the dairy industry. First, consumer demand increased considerably for cheese, and attractive meat animal prices helped to induce the largest drop in milk cow numbers since 1948.

### Cheese

In 1958, retail cheese prices increased only slightly, compared with a 15 percent increase in retail prices for beef products and 10 percent for pork over 1957. American cheese was the only dairy product for which per capita consumption increased significantly in 1958. The aggregate increase through commercial sources alone was equivalent to more than 1 billion pounds of milk.

Even though there was a slight decrease in per capita consumption of most dairy items, the increase in population carried the total commercial milk use up by about 1.5 billion pounds over a year earlier. Moreover, the milk equivalent of distribution through the School Milk Programs and of butter and cheese from CCC supplies added an additional 1.6 billion pounds to the total civilian consumption. So total milk use in all civilian channels exceeded 120 billion pounds in 1958 for the first time, compared with 117 billion in 1957.

What are the prospects for production of milk? Undoubtedly the production of milk per cow will increase to another new record high in 1959. This re-

flects the selection of animals with high production potential, feeding more concentrate feeds per head, and supplying more and better roughages. The rate per cow probably will continue upward at the present rate for a number of years.

As for the number of milk cows, we have seen a decrease for nearly 15 years, except for the slight upturn in 1953. For the next year or so, the number of milk cows again will show a considerable decline, though probably not as large as in 1958, since presumably the biggest impact of the sharp rise in price of meat animals already has had its effect.

So long as there is a surplus of milk and present support prices prevail, the general level of farmers' prices for milk will be essentially stable. Prices to farmers for manufacturing milk and butterfat are being supported at 75 percent of parity this year, the lowest level permitted by present legislation. If the parity index continues stable, the legal minimum support level for 1959-60 will be near that of 1958-59.

### Prices

The average price received by farmers for milk in 1958 was about \$4.13 per hundredweight, the same as in 1956, compared with \$4.20 in 1957. With a likely increase in milk sales again next year, cash receipts to farmers for milk products may well exceed the record set in 1957 of \$4.6 billion. In recent years, with the drop in number of dairy farms, income per dairy farm has been increasing, even with a slight decline in gross receipts such as occurred in 1958.

In the current marketing year, the CCC is buying less than 3 percent of milk production (milkfat basis), compared with 5 percent in the preceding marketing year. However, purchases of milk solids-not-fat are continuing at a very high level.

Herbert Kriesel  
*Agricultural Economics Division, AMS*

## *"Bert" Newell's* **Letter**

As usual at this time of year, we in the Crop and Livestock Reporting Service are finishing up on the final estimates of production. This has been a most unusual year. Total crop production has reached a record high, the generally favorable year has been clearly indicated by your reports. The index of yield per acre for all crops went well above the previous record set in 1957 and many new record yields per acre were established.

Good crops are always gratifying. I remember so well my father saying, "A barrel of flour and a barrel of sugar in the pantry, a well-stocked root cellar, and a full woodshed make a fellow feel pretty good when the snow begins to fly." Of course we do things differently now but as winter sets in after a good crop season the feeling of well being is still the same. So now, with the big crop of 1958 well tucked away it seems like a good time to digress from the usual work for a few minutes.

While I didn't grow any crops and I don't have a woodpile, I feel like 1958 has been a good year. The big factor in making this a good year for all of us "hired hands" in the Crop and Livestock Reporting Service is the wonderful cooperation all of you have given us throughout the year.

Reporting gets tedious and sometimes it may be a little difficult to fill out a questionnaire but your reports still come in and the service goes on as it has for nearly a hundred years.

The other day a businessman remarked that we get the best response from our inquiries he has ever heard of. Of course, I had a good answer

for that because I'm sure we have the most wonderful people in the world to work with.


I'm not just tossing bouquets around, it is really a fact. On some of the big monthly inquiries we often get 75 to 80 percent, or even higher, returns. This is not only a fine record of cooperation but supports the point that I have frequently made that our big family of reporters are forward-looking, public-spirited men and women.

Then there is another thing, and perhaps this is on the personal side, that makes me feel that '58 has been a good year. Your letters and notes have been most welcome and encouraging. I want to thank each one of you for taking time out to write. I believe I said once before, and it is still true, when the problems seem to mount up and the going gets a little rough, I run through some of your letters and get a lift out of the doldrums.

So now another year is almost past. Looking back I hope it has been a good one for all of you. Yet looking over my correspondence I realize that there are some in our big family of reporters who have suffered misfortunes and sadness. I wish for you that each new, glorious sunrise with its new promise and fresh challenge will help to dim the sadness of the past.

Let us all look forward with confidence and faith, welcoming each new day with gladness and with determination to use it as He, whose birthday we commemorate, would have us.

WITH ALL GOOD WISHES FOR A  
JOYOUS CHRISTMAS AND A  
HAPPY AND PROSPEROUS NEW  
YEAR—



S. R. Newell  
*Chairman, Crop Reporting Board, AMS*

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## Farmer's Share of Consumer's Food Dollar

September 1957.....	40 percent
August 1958.....	39 percent
September 1958 .....	40 percent

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